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ALGERIA

PDY President Telephones Benjedid on Situation*LD210709 Algiers Domestic Service in Arabic
0600 GMT 21 Jan 86*

[Text] Chadli Bendjedid, president of the Republic and secretary general of the party, had a telephone conversation with President 'Ali Nasir Muhammad, secretary general of the Central Committee of the Yemeni Socialist Party and president of the PDY.

President Chadli Bendjedid received this call yesterday from President 'Ali Nasir Muhammad and the talks dealt with the current situation in the PDY.

LIBYA

Al-Qadhdhafi Receives Gorbachev Message on Initiative*LD181226 Tripoli JANA in Arabic 1158 GMT 18 Jan 86*

[Text] Tripoli, 18 Jan 1986 (JANA) — The brother leader of the revolution has received a message from Mr Mikhail Gorbachev, CPSU Central Committee general secretary.

The message concerns the initiative announced by the Soviet leader on the gradual elimination of nuclear weapons and their destruction by 1999.

JANA Comments

LD181809 Tripoli JANA in Arabic 1400 GMT 18 Jan 86

[Text] Tripoli, 18 Jan (JANA) — The JANA political editor has welcomed the initiative announced by Mr Mikhail Gorbachev, secretary general of CPSU Central Committee, concerning the peaceful initiative on eliminating nuclear weapons, with their total destruction by the end of 1993 [date as received].

The editor said that this initiative was clear proof and a definite indication of the Soviet desire to spare mankind the threat of destruction and annihilation through nuclear weapons.

He also expressed his doubts over the imperialist U.S. response to this initiative, which stems from a realization of the dangers facing mankind from chemical and nuclear weapons, because U.S. imperialism continues its feverish drive to escalate the nuclear arms race and implement the "star wars" program. The editor concluded by saying that at a time when we praise this initiative and confirm that it is a turning point for the establishment of real peace in the world, we simultaneously confirm that there can be no real peace until imperialism, which constitutes a direct threat to mankind, is eliminated. Real peace is the destruction of the anti-Semitic imperialism.

Al-Qadhdhafi Remarks on Suicide Squads Clarified*LD190728 Tripoli JANA in Arabic 0710 GMT 19 Jan 86*

[Text] Tripoli, 19 Jan (JANA) — Some news agencies reported that the leader of the Great 1 September Revolution has offered to train and arm Arabs to carry out suicidal tasks. The correct version is that the leader of the revolution has said that the Jamahiriyyah has accepted a resolution adopted by the basic people's congresses, made up of Arabs residing in the Jamahiriyyah, to be trained in weapons and to form suicide squads and volunteer for fedayeen action. This is in retaliation for the U.S. provocations and America's anti-Arab nation attitude.

Al-Qadhdhafi Says 'We Might Act Crazy'*NC201536 Cairo MENA in Arabic 1440 GMT 20 Jan 86*

[Text] Beirut, 20 Jan (MENA) — Libyan Colonel Mu'ammarr al-Qadhdhafi has claimed that Libya can, with one blow, inflict a real defeat on the U.S. 6th Fleet. He has also said that 41 U.S. ships are now in the Mediterranean on their way to Libya.

Although Al-Qadhdhafi does not explain the nature of that one blow, he is quoted as saying: "If we know that we are going to die, we might act crazily.... Let it be on me and on my enemy, O God"

In an interview with *AL-NAHAR AL-'ARABI WA AL-DUWALI* published today in Beirut, Al-Qadhdhafi states that an alliance with the Soviet Union is not unlikely, and notes that current developments point in that direction.

In the interview, Al-Qadhdhafi declares his support for Syrian policy in Lebanon, saying that Libya supports Syria's annexation of that country. He also affirms that the Palestinians have the right to strike at Israel outside of occupied Palestine. In this regard, he opposes the PLO's decision to limit its activities to the occupied Arab territories.

Comparison of 14 Jan Al-Qadhdhafi Speech

Tripoli Domestic Service in Arabic at 1415 GMT on 15 January rebroadcasts the 14 January speech by Colonel Mu'ammarr al-Qadhdhafi at the Shari' al-Zawiyah Basic People's Congress in Tripoli. The Tripoli Domestic version has been compared to the Tripoli Television version published in the 15 January Middle East & Africa *DAILY REPORT* on pages Q 1-11 revealing the following variations:

Page Q 1, paragraph two, last line, the radio says: ...not deceive ourselves. We should not talk too much lest we think that we have done something. Man tends to talk too much to please himself and then thinks that he has actually done something, when in fact he has not.

It is easy... (supplying indistinct word)

Paragraph three, line five, the radio says: ...and not the pan-Arab congresses, to which... (changing "national" to "pan-Arab")

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Paragraph four, line five, the radio says: ...might not be so lucky, however.

But this does... (supplying indistinct words)

Paragraph five, line four, says: ... under their feet. Here comes the role of... (supplying indistinct words)

Page Q 2, paragraph one, penultimate line, says: ...warships, gunboats, destroyers. They would rest and we would take our places before them, instead of our resting and them taking their place before us.

This applies also to the Air Force and the air defense forces. After that, patriotism and the dictates of the challenge demand that those who are absent from the army or military service return immediately to their work and to their units. [Words indistinct] not a soldier coming to say he is deserting and he is hiding at his mother's place or his grandfather's place, at the time of confrontation against the United States and Israel, because the largest power on earth is against the freedom of the people. Imperialism and Zionism are both united against the Libyan people. All the world's people are standing by the Libyans because they are a small people who are the victims of the largest Zionist-imperialist forces in the world — forces of aggression. The whole world knows how these forces unite unashamedly against a small people like the Libyans. So it is a disgrace that exceeds all others for some Libyans who belong to units to be absent from them. All must join [words indistinct]. Anyone who is absent from his work should return to his work immediately and leave the house of his mother, his aunt, or his grandfather.

There are ambitions directed against our homeland and so we must defy them. Anything else would be treason, for he would be siding with the U.S. fleet and the Israeli fleet. Even if he [word indistinct] crossed the sea he would be lagging behind the ranks.

Any family which has any degree of patriotism — indeed, every family should have patriotism — should not allow a coward who fails to perform his duty to remain with them. The family might have been in circumstances that prevented it from working, but we hope now that these circumstances will end now. Sanctions and punishment for desertion could be dropped in the present conditions if those people decide to return to work or join the Armed Forces. The military battle has largely receded but we must still expect it to take place. If it takes place, it will most likely be at sea.

The battle, naturally... (picking up paragraph five, line one; supplying indistinct words and rewording)

Paragraph six, lines three and four, say: ...the economic battle. This is the battle for which the state of mobilization and national emergency were declared.

When the U.S.... (supplying indistinct words)

Paragraph ten, last line says: ...there is confrontation.

Now when a U.S.... (supplying indistinct word)

Paragraph sixteen, line five says: ...everything, but we bring them up here so as not... (replacing queried words)

Page Q 3, paragraph two, line one, says: ...show how many stray ones have decided to join after what we have said, we can consider... (supplying indistinct words and rewording)

Paragraph two, line one says: ...are not everything. When one of us fails to pay for the cost of water and electricity and telephones, what sort of an act is this? How can you... (supplying indistinct words and rewording)

Same paragraph, line seven says: ...forget that the municipality is yours and... (supplying indistinct word)

Paragraph four, line two says: ...price for light. That might have been forgiven in the past... (supplying indistinct word and rewording)

Paragraph five, line two, says: ...installments they owe. This is your struggle, after that nothing much remains. For the things we are talking about are [word indistinct] do not do... (supplying indistinct passage)

Paragraph six, line three says: ...to pay gradually. At least in 1986, one... (supplying indistinct words)

Same paragraph, line six says: ...did not expect. Now that the economic battle has come these will be its weapons. You see, what would be the weapon against the U.S. threat in the battle? and how can you get involved in the economic battle... (picking up paragraph seven, line two; supplying indistinct words; rewording; and changing paragraphing)

Paragraph nine, line one, says: ...destroy America is the dinars you give to the municipality. We must think rationally. We must not deceive ourselves. You are rational... (supplying indistinct words)

Paragraph twelve, line one, says: ...This is your state. If the banks were to go, then so be it! You too would then go; everything would go if the banks were to go. The last thing to go would be the banks. We must rid... (supplying indistinct words and rewording)

Same paragraph, last line says: ...or be stolen.

If [words indistinct] or the United States (?bombs) then you take your money out, each one takes his money. Because the money is neither in the bank nor in your pockets. To place our... (supplying indistinct passage)

Same paragraph, line four says: ...before the world and before the United States. How did their... (supplying indistinct words)

Page Q 4, paragraph three, last line says: ...deficiency, a mistake. I was expecting [words indistinct]. Let the Libyans realize that this is ridiculous — isolating half the people who are affected by the battle from the duty of battle. Now that the confrontation is declared there must definitely be a decision to orient girls and boys alike from preparatory classes onwards.

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This does not... (supplying additional passage)

Paragraph five, line eight, says: ...confrontation, similar to cats who live in the streets and who walk in... (supplying indistinct words)

Paragraph seven, line seven, says: ...male who cannot enter here; and this person should go this way. This is all... (supplying indistinct words)

Paragraph nine, line five, says: ...is no austerity as people are saying. On the contrary... (supplying indistinct words)

Paragraph eleven, line one says: ...page: We can train now, undergo the training of armed people. We can... (supplying indistinct words, rewording)

Paragraph twelve, last line says: ...guidance. Of course the United States would not bomb when the battle is at sea; they wouldn't shell a whale would they? The ship, which... (picking up paragraph thirteen, line two; supplying indistinct words; and rewording)

Page Q 5, paragraph one, line seven: ...an economic base. In both cases the economy is important... (supplying indistinct words)

Paragraph three, line nine says: ...be entering? How are you going to enter the battle? This... (supplying indistinct words)

Paragraph fourteen, line five, says: ...should grow watermelons. We will impose our will and decide what to export to the world... (supplying indistinct words)

Same paragraph, line twelve, says: ...our will. The Israelis export oranges. They... (confirming "Israelis")

Page Q 6, paragraph three, line ten says: ...so on. But, I told them, one-third of the milk... (supplying indistinct words)

Paragraph three, last line says: ...from the market. I will come back to this point.

Eggs: To be... (supplying additional sentence)

Paragraph thirteen, line four says: ...for its milk. Harm may be useful in some ways. The United States may harm us but at the same time they may do us a good turn and drive us toward... (supplying indistinct words and rewording)

Page Q 7, paragraph two, line six says: ... every 50 persons may be members. I am taking a family as a reduced example only. A family consisting... (supplying indistinct words and rewording)

Same paragraph, line nine says: ...hens, that is enough. There is no problem for a family to go and buy six hens, or for every five people to go and buy six and then get together and set up a poultry farm; or for a family to set up a poultry farm by itself. Every municipality takes the land around it — district by district — and divides it for this... (confirming "enough," supplying indistinct words, and rewording)

Paragraph three, line ten says: ...have... protein. The chicks have protein, fish has... (supplying indistinct word)

Paragraph four, line two says: ...it for feed. We produce about 200,000 metric... (confirming "we produce")

Same paragraph, line eight says: ...become self-sufficient. If every Libyan should... (supplying indistinct word)

Paragraph five, line eleven says: ...that is it. Each home builds a cistern for rain water — tanks in which... (supplying indistinct words)

Same paragraph, line fifteen says: ...used to. That is it: a cistern in the house will suffice you for a full year and from it you water the trees. If you need water you dig a cistern and plant trees. The United States cuts the trees destroys the cistern, and kills us.... (supplying indistinct words and rewording)

Paragraph seven, last line says: ...the market anymore. You say, go and buy me these things. [all passages as... (picking up page Q 8 line one; supplying indistinct sentence)

Page Q 8, paragraph three, penultimate line says: ...contrary, we will end up stronger. Harm may even be useful, I told you... (supplying indistinct words, rewording, and changing paragraphing)

Paragraph four, line twelve says: ...wage you now regard it as sacred and it takes on a value; because your wage keeps you independent. You feel that if you acquire the habit of breeding a she-goat every year and become independent, you would say... (supplying indistinct words and rewording)

Same paragraph, line sixteen says: ...the Arabs say. And the flour you import from abroad, not knowing whether it is bones or what. You should then say to yourselves: I should have bred a she-camel, it costs only 50 dinars, the... (supplying indistinct words)

Same paragraph, line eighteen says: ...three or four. We would then say to ourselves: What were our salaries spent on? and where are our lives going? This confrontation is... (supplying indistinct words and rewording)

Same paragraph, line twenty-two says: ...produce the eggs. Meat — we used to queue for it outside the slaughterhouse and... (supplying indistinct word and rewording)

Paragraph five, line thirteen says: ...to a tree. You just construct a basin and you can... (supplying indistinct words)

Paragraph seven, line three says: ...education. This is the aspect of application. We have... (supplying indistinct word)

Page Q 9, paragraph six, last line says: ///cries of defiance.

This was what made the Arab nation and the whole... (changing words)

Paragraph nine, line six says: ...countries will meet, not necessarily for a boycott, for they do... (supplying indistinct words)

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Paragraph ten, line six says: ...no ambition to influence them. To the rest... (changing words)

Paragraph twelve, line three says: ...as of tomorrow cooperatives will begin to be set up; families and the Jamahiriya should decide to become self-sufficient regarding those products we now import from abroad. We must make alternative products to oil.

We export... (supplying indistinct words and rewording)

Armed Forces Issue Decree on Recruiting Arabs

LD201748 Tripoli Domestic Service in Arabic

1330 GMT 20 Jan 86

[Text] The supreme commander of the Libyan Arab Armed Forces has issued a decision concerning the principles regulating the service of Arab volunteers in the Libyan Arab forces to implement the resolutions adopted by the pan-Arab basic people's congresses during their emergency session this year. The text is as follows:

The supreme commander of the Armed Forces, recognizing Law No 40 of 1974 concerning service in the Armed Forces, Law No 35 of 1977 concerning the reorganization of the Armed Forces, Law No 5 of 1978 concerning the modification of some military regulations and the historical declaration accepting Arab volunteers in the Libyan Arab Armed Forces in order to rally Arab potentialities for the battle of security and liberation, has decided:

Clause 1:

To open the door for volunteers to serve in the Libyan Arab Armed Forces for all Arab militarists whose services has come to an end in their own countries in accordance with the following conditions, and observing the conditions of acceptance for military service decreed in Law No 40 of 1974, regarding service in the Armed Forces and which contravene [as heard] the provisions of this decision.

First: He must be of Arab nationality and must not be married to a foreigner.

Second: His service must not have been terminated because of bad behavior or physical unfitness.

Third: He must not have been convicted of a crime against another person.

Fourth: A period of not more than 3 years must have elapsed since he left the service of his country.

Fifth: He must be physically fit for service at the time of joining.

Sixth: His speciality must be compatible with the specialities needed by the Armed Forces.

Seventh: His rank must not be above colonel.

Eighth: The volunteer must accept the occupation and the unit assigned to him.

Ninth: The volunteer will be given the actual rank which he used to have at the time of leaving the service of the armed force to which he used to belong, and his previous seniority will be taken into account.

Clause 2:

Requests to volunteer should be given to brotherhood and people's bureaus, as appropriate, which in their turn will inform the volunteers about the conditions of acceptance. Files must be opened for them and then sent in full to the General Command Headquarters whereupon the latter will scrutinize the volunteers' requests and the extent of their fulfillment of the conditions.

Clause 3:

The General Command Headquarters will inform the brotherhood or the people's bureau on whether a volunteer has been accepted or not and those accepted will be sent to the Jamahiriya. The General Command Headquarters should be informed by cable on the volunteers' dates of arrival.

Clause 4:

The Administration of Military Protocol will take care of the volunteers' reception, hospitability, medical check-ups, and private interviews on the dates and places determined by the General Command Headquarters.

Clause 5:

Following the medical check-up and the private interview, the administration and organization branch will prepare the offer of appointment and implementation and refer to the General Command Headquarters which will decide the procedures of appointments.

Clause 6:

The supreme commander of the Armed Forces issues the decisions on appointing officers and the general commander issues the decisions appointing NCO's and privates.

Clause 7:

The volunteer is subject to all laws, regulations, and everyday orders of the Libyan Arab Armed Forces.

Clause 8:

The volunteer will have the right to the following;

1. Bear the military rank which was accorded to him by the appointment decision;
2. Wear the military uniform of the Armed Forces in accordance with his unit;
3. Take part in promotion exams.

Clause 9:

The volunteer will be given the salary and all other financial privileges accorded to his comrades in the Libyan Arab Armed Forces.

Clause 10:

It is permitted to grant the volunteer Libyan military decorations and medals if he is deemed to merit them.

Clause 11:

A section for Arab volunteers will be established at the General Command Headquarters which will take care of their conditions and will prepare a special file for officers' registration and another for NCO's and privates.

Clause 12:

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In calculating pensions, the date of appointment will be considered as the date of the period of service for which the volunteer should receive a pension.

Clause 13:

The service of Arab volunteers is terminated for the same reasons for the which the service of the Libyan serviceman is terminated.

Clause 14:

The service regulations in the Armed Forces will be applied to the volunteer in the same way as his Libyan counterpart while observing of Clause 1 of this decision and all other military regulations in force. He will be treated in exactly the same way as the Libyan serviceman.

Clause 15:

The commander in chief of the Armed Forces shall implement this decision and lay down the necessary procedures for its implementation. It is effective from the date of its issuance and all other decisions are abrogated.

[Signed] Colonel Mu'ammarr al-Qadhdhafi, supreme commander of the Armed Forces.

Tripoli Calls for 1,000 Suicide Operations Daily

LD171933 Tripoli Voice of Greater Arab Homeland in Arabic 1840 GMT 17 Jan 86

[Text] The operations mounted by the fedayeen and Arab suicide squads against the Zionist enemy light the path to liberation; they point to stepping up the pan-Arab struggle for the destruction of Zionism and imperialism.

These fedayeen operations are a holy struggle waged by an oppressed and persecuted people who are supported by a nation which believes that its existence is not secure until the Zionist invaders are liquidated.

Let the slogan of the Arab masses this year be: 1,000 suicide and fedayeen operations per day. Arab masses in the Arab homeland and everywhere else should be fully ready to turn this slogan into suicide operations. Only in this way can one destroy Zionism and turn the tables on U.S. imperialism; only in this way can the Arab will embodied in the united countries of the Arab masses from the ocean to the Gulf and Arab society be transformed into a Jamahiri society — with power, wealth, and arms in the hands of the masses.

JANA Notes Saratoga Joining 'Hostile Campaign'

LD171800 Tripoli JANA in Arabic 1650 GMT 17 Jan 86

[Text] Tripoli 17 Jan (JANA) — The U.S. Administration has built up its military presence in the Mediterranean in the context of its frenzied hostile campaign against the Arab Libyan people.

The U.S. Defense Department has admitted that its aircraft carrier *Saratoga* crossed the Suez Canal yesterday, accompanied by six other naval units to join the other U.S. naval units present in the Mediterranean.

Financial Workers Discuss Measures Against U.S.

LD182307 Tripoli JANA in Arabic 1920 GMT 18 Jan 86

[Text] Benghazi, 18 Jan (JANA) — The emergency congress of bank, insurance, and financial workers began this evening in Al-Bayan al-Awwil, Benghazi. It discussed the latest developments resulting from the U.S. economic measures against the Jamahiriya and the freezing of Libyan assets and properties in U.S. banks. Participants studied a number of important points and means which will ensure a reply to the U.S. action of freezing Libyan assets and properties in U.S. banks. Among these means is a call for the convening of an emergency meeting of the Union of the Arab Banks Federation to confront the American measures in an effective and practical manner, to create an Arab financial market and an Arab economic organization, and to urge Arab finance institutions to launch the Arab dinar in order free Arab currencies from foreign dependency.

Bank Economist Discusses Arab Asset Management

LD171945 Tripoli Voice of Greater Arab Homeland in Arabic 1243 GMT 17 Jan 86

[Interview with Dr Nuriy Baryum, economic adviser in the Libyan Central Bank on the Voice of the Revolutionary Committees "Today's Report" program by unidentified reporter — live or recorded]

[Text][Reporter] Welcome Dr Baryum. Would you give the Arab listeners some details about the dimensions of freezing Libyan Arab assets in the United States?

[Baryum]: Thank you. In fact this measure is indeed unsound, and in general conflicts with international norms. Thanks be to God, since 1981 when they lifted their partial economic blockade, we stopped investing our assets in one place. Consequently, as a central bank, we do not have deposits in America itself. We might have one or two deposit accounts in a branch of an American bank outside the United States. These have indeed been affected by the freeze order. However, they form a low percentage, not exceeding 4 percent of our reserves.

The financial market is sensitive so I believe, we must not bring it into the battle. The measure of freezing assets is not in the interests of America itself. This is not a sound move. It makes Arab countries feel that this decision is also directed against them and consequently that support should not be confined to mere words, but should counter-boycott America. Some economists have been calling for this for some time. If we as a unified Arab bloc were to boycott America, it will not be able to face up to us, even if it was supported by West Europe. In fact, it would be more so, now that West Europe does not go along with America. West Europe cannot sacrifice its economy and its interests, which are all centered in the Arab homeland.

[Reporter] So, Dr Baryum, the decision to freeze the assets constitutes a serious precedence even for the Arab assets on deposit in the United States?

[Baryum] Naturally. Today, any Arab country, be it Saudi Arabia, Kuwait, or the Arab Emirates, which has become politically liberated and embarked on helping the fedayeen, could have their assets frozen. This means that the independence of these

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countries becomes threatened.

[Reporter] Technically, can these assets be withdrawn and invested in Arab projects?

[Baryum] If the investment base in the Arab world could be expanded, the greater part of these investments could be used in the Arab countries. Unfortunately, the Arab countries have not succeeded yet in creating a major financial market which can absorb all these funds. In fact, anyone with funds liable to seizure, such as Libya, Saudi Arabia, or Kuwait, cannot go anywhere except to London or New York. They are the only two cities in the world which can absorb any major investment. If you have 50 million, you can deposit it within seconds. In other countries, even Italy, you cannot find a bank to accept your deposits.

So, if the Arabs were to unite and create a financial market on a large scale, be it in Lebanon or Kuwait, and place their investments in the Arab homeland. [sentence as heard] Some Arab banks may withdraw their funds from the American Trust Bank or any other bank in New York and place them in a German bank. This is to no avail if the German bank also deposits the funds in U.S. banks to gain the interest. Thus we would not be actually achieving anything by doing this.

Frankly speaking, the deposit game, even if the Arab banks were to withdraw their funds from some U.S. banks — it is only interest that one gets from U.S. banks — we would actually have not have disciplined America. Disciplining it would come from Arab unity, the creation of an Arab financial market, and the creation of an investment base in the Arab homeland to be financed by Arab funds. There is no objection. They could be invested in projects in Morocco, Sudan, Syria or anywhere else. They all could be financed by Arab funds. Consequently, the Arab funds would circulate within the sphere of the Arab countries. A new currency might be initiated for deals. It is not necessary that the dollar be the currency. It could be the dinar, the Arab dinar. If the dinar becomes the unit, it could become the base unit for investment. But even if there was an investment base, the Saudi riyal is a convertible currency. The Kuwaiti dinar is also a convertible currency. The Arab Emirates' dirham is also convertible currency. They are exactly like the dollar. But nobody pays attention to them, buys them, or touches them. Why? Because the investment base in these countries is nothing.

What do they export? They export oil. Their oil is exported in dollars. We Arabs have failed even to decide that oil should be priced in the dinar. Consequently, whoever would buy oil would have to pay for it in dinars; therefore he would have to buy dinars from an Arab monetary fund or from the Arab countries themselves. Anyway, this matter must be tackled within the framework of Arab unity. Unfortunately, it cannot be tackled individually. It, however, needs many years, a long period of time — not a mere 3, 4, or 5 years, but 10 or even 15 years.

[Reporter] Could you give us a brief analysis about the fall of the U.S. dollar in the international markets and the reasons for this?

[Baryum] When the United States increases its expenditure abroad such as military expenditures, as happened in the case of Vietnam, the amount of dollars for sale abroad becomes immense and consequently their rate of exchange falls. Before 1971, even

after they ended the war in Vietnam and elsewhere, the dollar became stronger than its real value. So, the U.S. Government took measures to devalue the dollar by 8.5 percent in November 1971 and again by 10 percent in February, 1973.

In 1973, Nixon decided to sever the link between the dollar and gold, because he found that those who were owed money in the United States withdrew gold. This is because U.S. law stipulates that payment must be in gold, dollars, or any other currency.

You must be aware of the position of De Gaulle, when he stood against the United States and demanded gold instead of the money. A great deal of gold was exported to France.

All these measures caused the dollar [words indistinct]. After they devalued the dollar, the dollar began to rise gradually until it reached about 27 percent in 1984. Compared to all European currencies, it rose by 70 percent. In 1985, the dollar underwent a sudden fall as a result of the imbalance in the U.S. balance of payments, the increased state deficit, and the increased expectations of speculators. The speculators, individuals, and banks, said that since there was an increase in the U.S. deficit, everyone would rush to sell dollars and buy gold. Thus the dollar fell. From February to December 1985, the dollar fell by about (90 percent).

Naturally, this fall will continue as long as the United States maintains the present crisis. All the speculators expect that if America declares war or attacks Libya, its expenditures abroad will increase and the dollar will strengthen. [as heard] Then those outside the United States would begin to move away from the dollar for fear of further drops in value and the losses they would incur. So the dollar would no longer be an investment base unit. When people abandon the dollar, the dollar will fall further and the U.S. Government will then be forced to devalue it further.

Freezing Arab Assets Seen as 'Catastrophe' For U.S.

*LD172250 Tripoli Voice of Greater Arab Homeland
in Arabic 1815 GMT 17 Jan 86*

[Text] Financial observers in the United States have stated that the freezing of Libyan Arab assets by Reagan's administration will lead to a catastrophe for U.S. interests more serious than the catastrophe which hit the banks following the freezing of Iranian assets in 1979, during the Presidential term of former U.S. President Carter. These observers described the American measure as shooting their own feet because it will cause a state of deterioration in U.S. banks, deprive them of their position in the international monetary market, and consequently they will be unable to play any role in this market for many years. (Arnold Mikain), a representative of (Strikom) Company, one of the biggest financial consultants, said that many Arab and foreign investors reject Washington's use of American banks for political purposes, because this violates all agreements and obligations.